



WASHINGTON STATE DEPARTMENT OF REVENUE (DOR)

Instructions for Completing the *Annual 1999 Simplified Combined Excise Tax Return*

Based on your prior reporting history, your account was selected to receive the *Simplified Combined Excise Tax Return* for your annual filing. The *Simplified Combined Excise Tax Return* includes only the most commonly used tax classifications. If you have taxable income to report under any of the tax classifications listed below, you **cannot** use the *Simplified Combined Excise Tax Return*. You will need to complete the *Combined Excise Tax Return* to file your taxes. You may call (800) 647-7706 or access DOR's Internet home page at <http://dor.wa.gov> to obtain a copy.

Tax Classifications Not Reportable on the *Simplified Combined Excise Tax Return*

Business And Occupation Taxes

- Extracting, Extracting for Hire
- Slaughter, Break Proc., Perish Meat-Whlse., Mfg. Wheat into Flour, Raw Seafood, Soybean & Canola Processing
- Travel Agent Com., Intl. Charter Freight Brokers and Stevedoring
- Insurance Agents/Insurance Brokers Commission
- Mfg. Fresh Fruits and Vegetables, Splitting or Proc. Dried Peas
- Processing for Hire/Printing and Publishing
- Royalties, Child Care
- Warehousing Radio & TV Broadcasting, Public Road Construction/Government Contracting
- Public or Nonprofit Hospitals
- Cleanup of Radioactive Waste for US Govt.; Environmental Remedial Action
- Retailing of Interstate Transportation Equipment

Lodging Taxes

- Transient Rental Income Information
- Convention and Trade Center Tax
- Special Hotel/Motel Tax

State Public Utility Tax

- Water Distribution
- Sewer Collection
- Power
- Gas Distribution, Telegraph
- Motor Transportation, Railroad, Railroad Car
- Urban Transportation/Vessels Under 65 ft
- Other Public Service Business

Other Taxes

- Tobacco Products
- Refuse Collection
- Hazardous Substance
- Solid Fuel Burning Device Fee
- Syrup Tax
- Rental Car Tax

If you have taxable income to report under *Lodging Taxes*, *State Public Utility Tax* and/or *Other Taxes*, you will need to request a copy of the *Combined Excise Tax Return Addendum* in addition to the *Combined Excise Tax Return*. You may obtain copies of either of these forms by accessing DOR's Internet home page at <http://dor.wa.gov>, by calling (800) 647-7706 or by requesting copies from your local DOR office.

The following instructions are provided to help you complete the *Annual 1999 Simplified Combined Excise Tax Return*. If you need further clarification of a tax classification or credit application, you may obtain a copy of the *Guide to Completing the Combined Excise Tax Return* by accessing DOR's Internet home page, by calling (800) 647-7706, or by requesting a copy from your local DOR office.

DOR Tax Reporting Account Number: The nine-digit number on the line above your name and address on your Simplified Combined Excise Tax Return is your Tax Reporting Account Number. This number is unique to you and your business. Please write your DOR Tax Reporting Account Number (Registration Number) on all attachments to the return and on your check.

Rounding: Please round off to the nearest whole dollar by dropping amounts that are less than 50 cents and rounding up amounts that are 50 cents or more. For example, if your gross sales for the reporting period total \$12,123.48 enter \$12,123 on the return. If your gross sales for the period total \$23,334.50, enter \$23,335 on the return. Round off all amounts, including the calculated tax due.

Tax Return Due Date: The due date for the Annual *Simplified Combined Excise Tax Return* is January 31, 2000.

Step-by-Step Instructions

Getting Started

Starting at the top of page 1, below the barcode and address area:

1. If you had no business activity, fill in the appropriate box, sign and date your return at the bottom of page 2 and mail your return to DOR in the self-addressed envelope provided. You may also call DOR's 24-hour automated attendant to file a no business return at (800) 647-7706.
2. If your business closed during the last year, fill in the appropriate box and indicate the date the business closed in the space provided. For more information about business closures, please call Tax Express at (800) 334-8969, enter code 430.
3. If you had an address change, indicate the change on the pre-printed address and fill in the appropriate box.

Step 1 – Calculate Business and Occupation (B&O) Tax

Locate the proper tax classification for your business activities.

1. In column 1, on the line for the appropriate B&O tax classification, write the gross income resulting from your Washington business activities.
2. If you have deductions, enter the total deductions in column 2. (Deductions must be itemized in Step 7 on page 2). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your taxable amount.
4. Multiply each taxable amount in column 3 by the rate in column 4 and write this amount in column 5.
5. Total the amounts in column 5, lines 1-4, and write this amount in the *Total B&O Tax*, line 5.

Step 2 – Calculate Sales Tax

Computation of Retail Sales Tax Taxable Amount, Line 6

1. On line 6, column 1, copy the amount from line 4, column 1. Amounts on lines 4 and 6, column 1, **must be the same**.
2. If you have deductions, enter the total deductions in column 2. (Deductions must be itemized in Step 7 on page 2). If you have no deductions, write 0 in column 2.
3. Subtract column 2 from column 1. Write this amount in column 3. This is your Retail Sales Tax taxable amount.

Computation of Retail Sales Tax Due, Lines 7-13

1. On lines 7-11, write the location code(s) and **combined** sales tax rate(s) in the appropriate columns for each location where retail sales took place. For local tax codes and **combined** rates, refer to the *Annual 1999 Local Sales and Use Tax Rate Chart* sent with the tax return. (Remember to add the King County Food and Beverage tax rate .005 to the combined rate if applicable.) For assistance in

determining your location code, refer to page 4 of these instructions.

Note: If you need additional space to report the local coding of sales taxes, you may attach a sheet with the additional coding information in the same format as on this return, or request Supplement Form 40 2406 from DOR. Be sure to include the total taxable amounts and total tax due amounts from the attachment in the Total Taxable box, line 12, and Total Sales Tax box, line 13.

2. Write your taxable amount for each location code in the Taxable Amount column.
3. Total the amounts in the Taxable Amount column and write this amount in the *Total Taxable* box, line 12. **This amount must be the same as line 6, column 3.**
4. Multiply each taxable amount by the **combined** tax rate. Write the amount(s) in the Tax Due column.
5. Total the amount(s) in the Tax Due column and write this amount in the *Total Sales Tax* box, line 13.

Note: If sales are made both inside and outside the Regional Transit Authority (RTA) district within the same location code, you will need to write the location code twice using the two different combined tax rates.

Step 3 – Calculate Use Tax

1. On lines 14-16, write the location code(s) and **combined** tax rate(s) in the appropriate columns for each location in which tax is due. For local tax codes and **combined** tax rates, see the *Annual 1999 Local Sales and Use Tax Rate Chart* sent with the tax return.
2. Write the value of the articles used for each location code in the Value of Article(s) column.
3. Multiply the value of articles amount for each location by the **combined** tax rate. Write the result(s) in the Tax Due column.
4. Total the amount(s) in the Tax Due column and write this amount in the *Total Use Tax* box, line 17.

Step 4 – Enter Taxable Amount of Sales and Use Tax Subject to the RTA and King County Food & Beverage Tax.

Taxable amounts for RTA and King County Food and Beverage Tax are needed to ensure the proper distribution of these taxes. No tax is calculated on lines 18 and 19.

1. For sales occurring within RTA boundaries of King, Pierce and Snohomish counties, write the taxable amount on line 18.
2. Write the taxable amount for the King County Food and Beverage Tax on line 19. (*Sales of food and beverage in King County restaurants, taverns and bars, which are subject to retail sales tax, are also subject to this tax.*)

Step 5 – Calculate Litter Tax

Litter tax is owed on the gross sales of products in the following categories:

- Food for human or pet consumption;
 - Groceries;
 - Cigarette and tobacco products;
 - Soft drinks and carbonated beverages;
 - Beer and other malt beverages;
 - Wine;
 - Newspapers and magazines;
 - Household paper and paper products;
 - Glass, metal, plastic or fiber containers;
 - Cleaning agents;
 - Toiletries;
 - Non-drug drugstore sundry products.
1. Write the gross proceeds of sales for applicable products in the Taxable Amount column on line 20.
 2. Multiply the taxable amount by the rate shown. Write this amount in the Tax Due column.

Proceed to page 2 of the Simplified Tax Return.

Step 6 – Calculate Total Amount of Credit

1. Enter credit amount on the appropriate line(s) except for the Small Business B&O Tax Credit, line 24.
2. Utilize the *Annual Small Business B&O Tax Credit Table* to determine if you are eligible for that credit. If you are eligible, enter the amount on line 24 in the Amount column.
3. Total all credits on lines 21-25 and write this amount in the *Total Credit* box, line 26. Transfer this amount to line 28 at the bottom of page 2.
4. Attach any documents or schedules required to support your credit(s) to the tax return.

Step 7 – Itemize Deduction Amounts Taken in Steps 1 and 2

Enter the amounts of any deductions taken for B&O taxes and/or Retail Sales Tax under the appropriate classification. Deductions taken in Steps 1 and 2 but not itemized will be disallowed. If you are claiming a deduction under the *Other* heading, you must explain what it is for or it will be disallowed.

Step 8 – Calculate Amount Owed, Sign and Date

1. Total all tax due amounts on page 1, lines 5, 13, 17, and 20. This includes totals for B&O Tax, Sales Tax, Use Tax, and Litter Tax. Write the total on line 27.
2. Subtract line 28 from line 27 and write the subtotal on line 29.
3. If you file this tax return after the due date shown on page 2 of the tax return, you owe a penalty.

See penalty rates on page 2 of the tax return (next to the calendar). Multiply the penalty rate you owe by the subtotal on line 29 and write this amount on line 30.

Late Filing Penalties: Penalty is due on all delinquent returns. However, no penalty applies if no tax is due. If you are filing your return late and are requesting a waiver of the penalty, please fill in the appropriate box at the bottom of page 1 of the return and attach a written request. The request should explain the circumstances that caused your return to be late.

The Department shall waive or cancel penalties upon finding that failure to timely pay any tax was due to *circumstances beyond the taxpayer's control*, or if the taxpayer has remitted payment and timely filed on all tax returns due for a period of 24 months immediately preceding the period covered by the current return. For more information on penalty waivers, please call Tax Express at (800) 334-8969, and enter code 429.

4. Add lines 29-30, and write this amount in the *Total Amount Owed* box, line 31. This is the amount you owe.
5. Sign and date the return in the space provided at the bottom left of page 2.
6. Write a daytime telephone number, including area code, where you can be reached in case of questions regarding your tax return.

Step 9 – Enter Total Amount Remitted

Enter the amount you are remitting with the return in the box labeled *Total Amount Remitted* at the bottom of page 1.

Finishing Your Tax Return:

To help us process your tax return, please:

1. Make sure the gross amounts reported occurred during January through December 1999.
2. Write your Tax Reporting Account Number (Registration Number) on all attachments to the return.
3. Attach any credit schedules to your return if applicable.
4. Make a copy of your return or retain the completed worksheet copy for your records.
5. Write your Tax Reporting Account Number on your check.
6. Make the check payable to: Washington State Department of Revenue.
7. Do not staple your check to the return. Do not mail cash or coin.
8. Mail the original return and payment, if due, in the self-addressed envelope enclosed with your return or mail to the address printed at the top center of the front page of the return.

Helpful Hints for Reporting Sales and Use Tax

Determining Location Codes (WAC 458-20-145)

Sales of Tangible Personal Property Originating in Washington State:

Businesses making sales of products must use the location code that corresponds to the place from where the product was delivered. Usually this is the retail outlet where the sale occurs. If the delivery is made from a warehouse at a separate location, the location of the warehouse determines the correct location code.

- ❖ Example: A customer from Gig Harbor orders goods from a store located within the city limits of Tacoma. It makes no difference whether the customer picks up the goods, or the Tacoma store makes the delivery. The sale occurs at the Tacoma store. Thus, the location code and rate for Tacoma applies.

Sales of Tangible Personal Property Originating in Another State:

Businesses making sales of goods that originate in another state must use the location code and tax rate that corresponds to the location of the in-state facility, office, agent or other representative that participates in the sale. The buyer's location will determine the location code and tax rate only if the seller has no in-state facility, outlet, agent or other representative that participates in the sale.

- ❖ Example: A customer from Olympia orders goods from a business in San Francisco, California. The seller has a representative who lives in Federal Way. Thus, the location code and tax rate for Federal Way applies.
- ❖ Example: A customer from Wenatchee orders goods from a Minneapolis, Minnesota company that does not maintain an in-state facility, office, agent, or other representative. The location code and tax rate for Wenatchee applies.

Sales of Retail Services, Installation and Construction:

Businesses performing retail services or selling products requiring significant installation must use the location code that corresponds to the place where the service or installation occurs.

- ❖ Example: A Bellevue store sells carpet to a Redmond customer. As a condition of sale, the Bellevue store agrees to install the carpet in the customer's Redmond home. The Bellevue store will collect sales tax at the Redmond rate. (If the Bellevue store merely delivers the carpet without installation, the sale is subject to tax at the Bellevue rate. See prior example for sales of tangible personal property.)

Lease or Rental of Tangible Personal Property:

For short-term leases, the seller's (lessor's) location determines the applicable tax rate. Short-term leases are generally for less than 30 days and do not require periodic payments.

- ❖ Example: A Spokane business rents a rototiller to a customer in Airway Heights for two days. The business will collect the applicable rate for Spokane.

For long-term leases, the customer's (lessee's) location determines the applicable tax rate. Long-term leases are generally longer than 30 days and require periodic payments.

- ❖ Example: A person in Yakima enters into a 36-month vehicle lease with a Seattle leasing company. The Seattle company will collect the applicable rate for Yakima.

If you have any questions about properly coding local sales and use tax, you can access the Department's new Geographic Information System (GIS) that will identify the proper location code and tax rate for a specific address. GIS is available on the Department's web site at <http://dor.wa.gov>. To access GIS, use the "Services" hot button. You can also contact your nearest Department of Revenue office, or call (360) 902-7170.

Reporting Local Sales and Use Tax Rate Changes (WAC 458-20-199; -235)

Special instructions apply if local tax jurisdictions change tax rates or, due to incorporation, change their four-digit location codes in the middle of a reporting period.

- ❖ Example: The city of Bremerton (1801) imposed a new tax rate effective April 1, 1999. For sales taking place in Bremerton before April 1st, the combined rate was .081. Sales taking place after April 1st are taxed at a combined rate of .082.

Line No.	Location Code	Taxable Amount		Combined Tax Rate		Tax Due
7	1801	3,000 .00	X	.081	=	243 .00
8	1801	2,000 .00	X	.082	=	164 .00
9		.00	X		=	.00
10	Reflects January through	.00	X	Reflects April through		.00
11	March income	.00	X	December income		.00
12	Total Taxable (add lines 7-11)	5,000 .00	Ln 13	Total Sales Tax (add lines 7-11)		407 .00

- ❖ Example: The city of Sammamish incorporated as of September 1, 1999. For sales taking place before September 1st, the local tax is coded to 1700. Sales taking place after September 1st are coded to the new location code of 1739.

Line No.	Location Code	Taxable Amount		Combined Tax Rate		Tax Due
7	1700	3,000 .00	X	.086	=	258 .00
8	1739	2,000 .00	X	.086	=	172 .00
9		.00	X		=	.00
10	Reflects January through	.00	X	Reflects September through		.00
11	August income	.00	X	December income		.00
12	Total Taxable (add lines 7-11)	5,000 .00	Ln 13	Total Sales Tax (add lines 7-11)		430 .00

To inquire about the availability of this form in an alternate format for the visually impaired or a language other than English, please call (360) 753-3217. Teletype (TTY) users may call (800) 451-7985. You may also access our Internet home page at <http://dor.wa.gov>.